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U.S. DISTRICT COURT  
NORTHERN DISTRICT OF OHIO  
CLEVELAND

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION

5:06CR571

UNITED STATES OF AMERICA, )  
 )  
Plaintiff, )  
 )  
v. )  
 )  
 )  
PAUL H. JONES )  
 )  
Defendant. )

INFORMATION  
JUDGE JUDGE ECONOMUS  
CASE NO.  
Title 18, United States Code,  
Sections 1341, 1346 and 2  
Title 26, United States Code,  
Section 7206(1)

The United States Attorney charges:

COUNTS 1-3

(FILING FALSE TAX RETURNS IN VIOLATION OF  
TITLE 26, UNITED STATES CODE, SECTION 7206(1))

1. On or about the following dates in the Northern District of Ohio, Eastern

Division, Defendant Paul H. Jones, who was a resident of Ravenna, Ohio, did willfully make and subscribe joint U.S. Individual Income Tax Returns, Forms 1040, for himself and his wife for the calendar years indicated below, which were verified by a written declaration that they were made under the penalties of perjury and were filed with the Internal Revenue Service, which said joint returns he did not believe to be true and correct as to every material matter in that as he then and there well knew and believed, on line 12 of said Form 1040s he did not report his Schedule C net profit from PJ Jones Lawn Mowing Service listed below.

<u>Count</u>	<u>Date</u>	<u>Return Filed</u>	<u>Schedule C Net Income (Net Profit) Not Reported</u>	<u>Tax Loss</u>
1	4/11/2002	2001 1040	\$53,565	\$16,810
2	3/30/2003	2002 1040	\$58,490	\$17,879
3	4/3/2004	2003 1040	\$50,632	\$15,150

All in violation of Title 26, United States Code, Section 7206(1).

#### COUNTS 4 - 8

(MAIL FRAUD IN VIOLATION OF  
TITLE 18, UNITED STATES CODE, SECTIONS 1341, 1346 AND 2)

2. From January 1976 to January 1982, and again from January 1996 through

December 2005, Defendant Paul H. Jones was the Mayor of the City of Ravenna in the Northern District of Ohio.

3. From in or about 2001 through on or about March 30, 2006, in the Northern District of Ohio, Eastern Division, Defendant knowingly and wilfully devised and intended to devise a scheme and artifice to defraud and to deprive the citizens of the City of Ravenna of the intangible right of Defendant's honest services.

**Conflict of Interest: NDS and PJ Jones Lawn Mowing Service**

4. It was part of the scheme to defraud that during the time that Defendant was mayor, Neighborhood Development Services ("NDS"), previously known as the Portage Area Development Corporation ("PADCorp"), was a nonprofit Ohio corporation located in Ravenna, Ohio which was formed in 1985 (then known as the Ravenna Development Corporation) to pursue the development of affordable housing, an improved downtown and a stronger local economy. It later expanded to include Portage County and other northeast Ohio cities. In 1990, PADCorp formed an affiliate, Community Economic and Development Corporation ("CEDCorp"), a nonprofit developer and general contractor for affordable housing. NDS Management was a for-profit company that provided management services to properties owned and operated by NDS. NDS applied for, wrote and managed grants for various communities in northeast Ohio, including the City of Ravenna.

5. It was a further part of the scheme to defraud that the largest grant managed by NDS for the City of Ravenna came from the Community Housing Improvement Program ("CHIP"). This grant, funded by the United States Department of Housing and Urban Development and administered by the State of Ohio, was given to cities and counties for the purpose of improving a community's housing stock. A city may hire a development corporation such as NDS to apply for and manage the grant, or it may hire its own staff for that purpose. The City of Ravenna hired NDS for this purpose, for which NDS received a fee up to 20% of the grant to the City of Ravenna, but only if the grant was awarded.

6. It was a further part of the scheme to defraud that during the years 2001, 2002 and 2004, the City of Ravenna received CHIP grants in the following amounts using the procedure set forth below.

<u>Year</u>	<u>Amount of Grant</u>	<u>NDS fee</u>
2001	\$500,000	\$100,000
2002	\$500,000	\$100,000
2004	\$555,000	\$110,000

7. It was a further part of the scheme to defraud that in the spring of 2001, 2002 and 2004, the City of Ravenna and NDS used the following procedure for obtaining CHIP funds: NDS prepared a planning document on how the city would use the funds to meet

the needs of the community. This document was then presented to and approved by city council. Upon approval, the council signed an ordinance authorizing Defendant to apply for the grant. NDS then filled out the application for the grant, and delivered it to Defendant. Defendant approved and signed the application. The application, signed by Defendant, was then sent to the State of Ohio in Columbus along with a proposed administrative agreement between Ravenna and NDS which authorized a fee to NDS. The State of Ohio then reviewed and awarded the grants. The State of Ohio sent Ravenna a grant agreement which required Defendant's signature. Once signed by Defendant, the grant agreement was returned to the State of Ohio. Draws on the grants were wired from the State of Ohio to Ravenna's accounts. NDS then accepted and evaluated applications from Ravenna home owners who wanted to use grant funds to renovate their homes. On approved projects, NDS arranged for the City of Ravenna to pay the contractor directly. NDS received funds from Ravenna in the form of administrative fees for performing these services.

8. It was a further part of the scheme to defraud that Ravenna also obtained HUD-funded Community Development Block Grants ("CDBG") and Economic Development grants during the period 2001 through 2004. These grants were also administered by the State of Ohio and Defendant also played a decision making role in applying for the grants

and retaining NDS, for a fee, to apply for the funds and manage the programs. These grants included:

<u>CDBG</u>	<u>Amount of Grant to Ravenna</u>	<u>NDS Fee</u>
2001	\$65,000	\$4000
2002	\$65,000	\$4000
2003	\$67,000	\$4000
2004	\$70,000	\$4000

**Economic Development Grants**

2001	\$150,000	\$10,000
2002	\$400,000	\$80,000
2002	\$400,000	\$10,000
2004	\$135,000	\$10,000
2004	\$500,000	\$10,000

9. It was a further part of the scheme to defraud that the Ravenna City Council and Defendant jointly held the power to determine whether to hire NDS, or a different non-profit to perform the functions outlined above. The council and Defendant also jointly held the power to hire additional staff within the city to perform these functions.

10. It was a further part of the scheme to defraud that in the spring of 2004, Defendant issued a press release announcing that the City of Ravenna had been awarded a

\$555,000 CHIP grant and setting forth the housing projects for which the funds, to be administered by NDS, would be used.

**PJ Jones Lawn Mowing Service**

11. It was a further part of the scheme to defraud that during the period 2001 through 2004, Defendant operated and received income from PJ Jones Lawn Mowing Service, a sole proprietorship that mowed lawns and removed snow for NDS, NDS Management, and CED Corporation and other customers. NDS, NDS Management, and CED Corporation paid PJ Jones Lawn Mowing Service approximately \$262,068 from 2001 through 2005.

**The Conflict of Interest**

12. It was a further part of the scheme to defraud that during the period 2001 through 2004, Defendant, knowing that in his capacity as Mayor of Ravenna he had a conflict of interest as a result of the income he received from PJ Jones Lawn Mowing Service, participated in the following official acts that affected NDS and its related entities:

<b><u>Date</u></b>	<b><u>Defendant's Official Act</u></b>
Spring 2001	Signed CHIP grant application
7/3/2001	Signed CDBG application
6/25/2001[sic]	Signed CDBG agreement between City of Ravenna and NDS
9/21/2001	Signed CHIP agreement between City of Ravenna and NDS

4/5/2002	Signed CHIP grant application
7/1/2002	Signed CDBG application
9/1/2002	Signed CHIP agreement between City of Ravenna and NDS
9/1/2002	Signed CDBG agreement between City of Ravenna and NDS
7/8/2003	Signed CDBG application
9/1/2003	Signed CDBG agreement between City of Ravenna and NDS
5/25/2004	Signed CHIP grant application
7/14/2004	Signed CDBG application
9/1/2004	Signed CHIP agreement between City of Ravenna and NDS
9/1/2004	Signed CDBG agreement between City of Ravenna and NDS

**Concealment of the Conflict of Interest**

13. It was a further part of the scheme to defraud that Defendant intentionally attempted to conceal the conflict of interest described above (1) by reporting income (although not all of the income) from PJ Jones Lawn Mowing Service on his son's tax returns (resulting in application of a lower tax rate on the income) and (2) by intentionally failing to report his interest in and his income from PJ Jones Lawn Mowing Service on his annual Ohio Ethics Commission Financial Disclosure Statements for the years 2001 through 2005.

**Disclosure Forms**

14. It was a further part of the scheme to defraud that during the years 2001



through 2005, Ohio law required Defendant to file with the Ohio Ethics Commission Financial Disclosure Statements. The form instructs public officials that they are required to complete and file the disclosure statements so that public office holders can:

self-identify the potential for conflicts of interest between [their] public responsibilities and private pursuits that may require further caution and guidance. Disclosure also offers citizens the awareness of possible conflicts for officials and employees who serve them and reassurance those possible conflicts are disclosed.

15. It was a further part of the scheme to defraud that the Ohio Ethics Commission Financial Disclosure Statements required Defendant to list (1) every source of income received in a calendar year, (2) the names under which he or other members of his immediate family did business and (3) the names of each corporation, trust, partnership or association transacting business in Ohio in which he had an investment of over \$1000.


#### **Use of the Mails in Furtherance of the Scheme**

16. On or about the following dates, for the purpose of executing the scheme to defraud and to deprive the citizens of the City of Ravenna, Ohio of the intangible right of Defendant's honest services, that Defendant did knowingly mail and caused to be mailed by means of the United States Postal Service, from the City of Ravenna, Ohio to the Ohio Ethics Commission in the City of Columbus, Ohio, the following Ohio Ethics Commission Financial Disclosure Statements in which he knowingly failed to list his

income from PJ Jones Lawn Mowing Service and also failed to list PJ Jones Lawn Mowing Service as a name under which he or a member of his immediate family did business:

<u>Count</u>	<u>Date</u>	<u>For Calendar Year</u>
4	3/22/2002	2001
5	1/28/2003	2002
6	3/14/2004	2003
7	3/25/2005	2004
8	3/30/2006	2005

All in violation of Title 18, United States Code, Sections 1341, 1346 and 2.



Gregory A. White  
United States Attorney